

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company (U 39-M) for Authorization, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2007.

Application 05-12-002 (Filed December 2, 2005)

Order Instituting Investigation on the Commission's Own Motion into the Rates, Operations, Practices, Service and Facilities of Pacific Gas and Electric Company (U 39-M).

Investigation 06-03-003 (Filed March 2, 2006)

ADMINISTRATIVE LAW JUDGE'S RULING DENYING AGLET CONSUMER ALLIANCE'S MOTION TO STRIKE REBUTTAL TESTIMONY

On May 23, 2006, Aglet Consumer Alliance (Aglet) filed a motion to strike portions of the rebuttal testimony served by Pacific Gas and Electric Company (PG&E) on May 17, 2006. PG&E filed a response on May 26, 2006. This Ruling denies Aglet's motion.

Aglet's Motion

Aglet moves to strike the following from Exhibit PG&E-18: (1) narrative testimony from p. 11-10, line 11, through p. 11-12, line 14; and (2) all of Attachment 11-1, "2007-2009 Capital Expenditure Forecast." Aglet contends that rebuttal testimony should be limited to showing that testimony served by other parties is not true. (Black's Law dictionary, definition of "rebuttal.") Aglet

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asserts that PG&E's rebuttal does not show that Aglet's testimony is not true. Instead, PG&E attempts to use rebuttal to rehabilitate its weak direct testimony.

Aglet states that PG&E's entire direct showing to justify \$36.2 million of 2007 core plant work at its Diablo Canyon Nuclear Power Plant is a list of project titles. The heart of Aglet's responsive testimony is the statement, "There is nothing in PG&E's testimony or workpapers that justifies a large increase in capital expenditures for Core Plant Work." Aglet believes that the only legitimate rebuttal to its testimony would be a showing that PG&E's direct testimony and workpapers do justify the requested relief. PG&E's rebuttal is not legitimate, according to Aglet, because the rebuttal amends PG&E's direct testimony to explain PG&E's intended capital expenditures for Diablo Canyon. Aglet argues that to allow new information at this late date would be unfair to Aglet and other intervenors that might question the new information.

PG&E's Response

PG&E opposes Aglet's motion. PG&E states that the rebuttal testimony that Aglet moves to strike properly rebuts Aglet's contention that the Commission should authorize capital expenditures during 2007-09 based upon PG&E's historic average of capital expenditures rather than upon the project-specific capital expenditures requested by PG&E. Additionally, PG&E believes that its rebuttal provides a more complete record for deciding the amount of capital expenditures to be authorized in this proceeding. PG&E adds that it did not intend to limit the parties' opportunity to question the information contained in its rebuttal testimony. PG&E states that parties will have ample opportunity to cross examine PG&E's witness in this area.

Ruling

Aglet's testimony asserts that PG&E failed to provide sufficient information to justify its request for \$36.2 million in 2007 for work at PG&E's Diablo Canyon Nuclear Power Plant. PG&E responded in its rebuttal testimony by providing more information to justify its request. The issue presented in Aglet's motion is whether PG&E's rebuttal testimony is proper.

Rebuttal testimony should explain, repel, contradict or disprove an adversary's testimony. (United States v. Laboy, 909 F.2d 581, 588 (1st Cir. 1990.)) A narrow interpretation of this standard supports Aglet's motion, as PG&E's rebuttal does not respond directly to Aglet's testimony that PG&E provided too little information. A broader interpretation would allow PG&E's rebuttal, as it cures a defect in PG&E's case that is identified in Aglet's testimony. By curing the defect, PG&E's rebuttal testimony "repels" Aglet's testimony.

Three factors in this proceeding suggest a broader interpretation is warranted. First, utilities and others cannot intentionally withhold the presentation of salient information until the submission of rebuttal testimony. Aglet does not claim that it previously sought and was denied access to the information contained in PG&E's rebuttal testimony that Aglet moves to strike.

Second, it is unacceptable for utilities to offer only minimal support in their applications, choosing instead to wait and see what issues appear to be of concern to others, and then providing focused rebuttal. Put differently, utilities should not pursue a litigation strategy of waiting until rebuttal testimony to spring information on unsuspecting parties. That does not appear to be the case here; there is no suggestion by Aglet or others that PG&E has pursued such a litigation strategy on a wholesale basis. Rather, Aglet's motion is narrowly

focused on capital projects that total \$36.2 million out of PG&E's multi-billion dollar request for capital expenditures.

Finally, allowing PG&E's rebuttal does not unduly prejudice Aglet. Aglet will have adequate time to assess the rebuttal testimony and an opportunity to cross examine PG&E's witness sponsoring the rebuttal testimony.¹

For the preceding reasons, Aglet's motion to strike PG&E's rebuttal testimony is denied. This Ruling is based on the circumstances described herein; it is not a license for PG&E or any other utility to engage in a litigation strategy of waiting until rebuttal testimony to provide information that should have been included in their direct showing.

Therefore, **IT IS RULED** that the motion of the Aglet Consumer Alliance to strike portions of Pacific Gas and Electric Company's rebuttal testimony is denied.

Dated May 31, 2006, at San Francisco, California.

/s/ Timothy Kenney
Timothy Kenney
Administrative Law Judge

¹ f there were undue prejudice to Aglet, its motion would be granted.

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Upon confirmation of this document's acceptance for filing, I will cause a copy of the filed document to be served upon the service list to this proceeding by U.S. mail. The service list I will use to serve the copy of the filed document, which is current as of today's date, is attached.

Dated May 31, 2006, San Francisco, California.

/s/ Antonina V. Swansen
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